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DEPARTMENT FOR NEA/ELA, AF/SPG

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SUBJECT: INFLUENTIAL SUDANESE BUSINESSMEN ADVOCATE "NO
COMPROMISE" WITH KHARTOUM

Classified By: Minister Counselor for Economic and Political Affairs
William R. Stewart for reasons 1.4 (b) and (d).

11. (C) Key Points

-- Two influential North Sudanese businessmen in Cairo, Kamal Ibrahim Ahmed (protect), Chairman of TransExport Trading Company and Muhammad Abdel Moneim (protect), Chairman of Wadi El Nil Flour Mills urged the USG not to compromise with the Government of Sudan (GOS), warning the Khartoum government will sign agreements to reduce pressure, but has no intention to implement the agreements.

-- GOS leaders are using oil revenues, the security apparatus and their control over the media to maintain their power.

-- Businessmen in Sudan have been forced to support the Bashir-led government under threat of expropriation and imprisonment.

-- Having the National Congress Party (NCP) in power does not guarantee CPA implementation. The NCP is not committed to the CPA, and in any case cannot stop the South from marching forward because the South is stronger and former allies no longer support Khartoum.

-- Khartoum is looking for other allies to support it against the West and the ICC. According to the businessmen, Egyptian support for Sudan may be beginning to waver and they allege the Government of Egypt (GOE) authorized Egyptian opposition party and civil society leader Usama Ghazali Harb to explore alternatives.

-- The U.S. should engage with and train Southerners and Darfuris to be the next generation of Sudanese leaders. Development assistance and training are needed in the South. The USG should implement and enforce a "no fly zone" over Darfur, an "oil for food" program to guarantee that the GOS feeds its people, and continue to press that those responsible for crimes in Sudan be held responsible.

12. (C) Comment: The businessmen have a wide network of influence in Cairo's Sudanese community. They are in close contact with South Sudanese and Darfuri leaders in Cairo, provide much needed assistance to the Sudanese refugee community, and have set up a NGO to assist Sudanese women. Although some Darfuri and South Sudanese advocate for a "no compromise" strategy, Ahmed and Abdel Moneim are the first North Sudanese leaders that we have met to advocate this position. Both leaders maintain contacts within the Sudanese business community in Khartoum, and Ahmed is working to establish business operations in South Sudan. Because of the businessmen's work in the local Sudanese community, both men are well known and trusted. We have heard Ahmed's name mentioned as a potential candidate to be interim president by local contacts. We would not go so far as to say that Egyptian support for the GOS is beginning to waver, but the

GOS appears to be advocating that the Bashir government make some concessions.

13. (C) We met with Kamal Ibrahim Ahmed, Chairman of TransExport Trading Company and Muhammad Abdel Moneim, Chairman of Wadi El Nil Flour Mills on March 20. Abdel Moneim is from Khartoum and was the chairman on the first American wheat company in Sudan. He left Sudan in 1989 just days before the coup that removed former Sudanese Prime Minister Sadiq al-Mahdi. Ahmed is a Nubian from Wadi Halfa, and he owned the first liquid bulk terminal facility in Port Sudan. Ahmed left Sudan in 1993 after a four-year quest to obtain an exit visit following the coup that brought President Omar al-Bashir to power. Both men created successful businesses in Cairo, and neither can return to Khartoum at this time because of their anti-regime views. However, both have strong connections with Sudanese businessmen in Khartoum, and Ahmed has recently begun business operations in Juba. They told us there are currently around 400 successful Sudanese businessmen operating in Cairo. Some agree with their political views, while others do not.

GOS Officials Use National Coffers to Maintain Power

14. (C) Abdel Moneim noted that there is "no difference" between National Congress Party officials' money and Government money. He told us that half of Sudan's oil revenues goes directly into the pockets of leading National Congress Party (NCP) officials. Ahmed said that the GOS uses

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this money to buy off the political opposition, implement a security regime, control the media, and purchase businesses that allow the GOS leadership to stay in power. As an example, they pointed to divisions within the SPLM, JEM and SLA as examples of the regime using its money to implement a "divide and conquer" strategy. Ahmed and Abdel Moneim described the Bashir government's power as based on its complete control of the "triangle of power," which consists of business/oil revenues, the security apparatus, and the media.

15. (C) Abdel Moneim told us that GOS officials are almost entirely dependent on oil income and the reduction in oil prices is squeezing their lifestyles and personal businesses. Both leaders said that the regime reliance on oil revenues has ruined the economy of Sudan. Ahmed and Abdel Moneim pointed out that in order to survive in the long-term Sudan needs to diversify its economy from being almost completely reliant on oil. They stated that there was need to invest in Sudan's neglected agricultural sector. Ahmed told us that Sudan is farming less than 50 percent of its agricultural lands and productivity is declining due to neglect. He said that many Sudanese businessmen in Cairo had links to the agricultural sector and are prepared to return to Sudan if there was a "long-term solution" to the problems in the country.

Businessmen Forced to Support Bashir

16. (C) Ahmed told us that in the fall of 2008, the GOS summoned leading private businessmen in Sudan and told them that they needed to swear an oath of allegiance to Bashir or their property in Sudan would be confiscated and they could be imprisoned. Most businessmen acquiesced to "survive." Both Ahmed and Abdel Moneim noted that their business property and equipment was expropriated by the GOS after the 1989 coup. Ahmed said the GOS ousts many businessmen, which allows GOS officials to "purchase" these businesses using offshore accounts. The profits then help to maintain their hold on power.

Machiavellian Approach, But No More Room to Deal

¶17. (C) Ahmed told us that the Western strategy of imposing sanctions on the GOS in order to elicit a compromise or agreement between the GOS and rebel groups is a "failed strategy." He stated that the GOS is "Machiavellian." It is anxious to sign agreements in order to reduce the pressure on it, but it has "no intention of fully implementing the agreements." He pointed to the Naivasha (CPA), Cairo (NDA) and Abuja (DPA) Agreements as evidence. Ahmed also said that the U.S. agreement on counter-terrorism had given the GOS "new life." However, he told us that Khartoum can no longer maintain this faade because it has nothing left to give up in the political arena. Ahmed stated that the CPA required the GOS to give up 28 percent of the seats in parliament, while other deals such as the NDA and DPA required the government to cede 20 percent of the seats. This leaves the NCP government with 52 percent of the seats in the parliament, which means it can no longer can give up anything without becoming a minority party and risking a coalition of others parties that could potentially unseat the current leadership. For this reason, both leaders referred to the Doha talks as a "path to nowhere."

NCP and Bashir Not Necessary for CPA Survival

¶18. (C) Ahmed said that the NCP has never fully implemented the CPA so it should not be seen a guarantor of the agreement. He said that Salva Kiir and other SPLM leaders no longer have confidence that the NCP will continue to implement any portion of the CPA. He stated that after signing the CPA, the GOS was not committed to peace, but it only moved its militias from South Sudan to Darfur. Abdel Moneim, who was involved with the Italian oil company Eni and Chevron in building Sudan's first pipeline in 1981, contended that the GOS knows that unity is doomed and is exhaustively pumping oil in the south to deplete the Southern reserves in advance of the 2011 referendum.

¶19. (C) Nonetheless, Ahmed told us that a new North-South conflict is unlikely. He said that the conflict zone is also the oil zone, and a new war would have economic costs that

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the GOS cannot tolerate. Additionally, he mentioned that the South has a much stronger army, is allied with Darfuri movements, and the Rizegat Arabs would no longer support Khartoum in any conflict as their interests now lie with cattle and water resources in the South.

GOS Looking For Love in All the Wrong Places

¶10. (C) Ahmed said that Bashir is feeling the pressure of the ICC charges and is looking for any "friends" and leverage to support him. He stated that this mindset led the GOS to try to supply HAMAS with weapons in during the recent Gaza conflict. Ahmed told us that a GOS shipment of weapons was bombed by an air drone on its way to Gaza. He said that Egypt is aware of this fact and the attempt to arm HAMAS has damaged Khartoum's relationship with Cairo. Ahmed called China a "menace" and said that Beijing was providing the Bashir-led government with arms and military training so as to preserve its access to oil. Both leaders also mentioned the expanding role of Iran in Sudan, but were unable to provide specifics on Iranian activities. Ahmed expected Bashir to continue to look to "other countries and leaders" for support.

¶11. (C) Ahmed said that Egyptian support for the current Sudanese Government may be beginning to waver. He alleged that Usama Ghazali Harb, leader of the Egyptian Democratic Front Party, had a "green light" from EGIS Chief Omar Soliman to organize an Egyptian-Sudanese forum. The forum includes leaders from Darfur rebel groups, Sudanese opposition parties, and Sudanese civil society. Ahmed said that the forum supports the ICC arrest warrant and talks about alternatives to President Bashir. Both businessmen said they would participate in the forum, but hoped that former Sudanese PM Sadiq al-Mahdi and Democratic Unionist Party leader Mohamed al-Mirghani would not be included because they are "captives of Sudanese Government financing."

The Way Forward: No Compromises

¶12. (C) Ahmed and Abdel Moneim both feel that an interim "technocrat" government should be created. This government would involve the major parties in Sudan including the NCP. They said that VP Ali Osman Taha is pragmatic and could work with others. The interim government would oversee the implementation of free elections. Ahmed noted that Salva Kiir could potentially lead the interim government because he is trusted by both civil society and the Darfuri leaders. The two leaders laid out four keys for proceeding in Sudan. First, they encouraged the USG to provide direct, financial support for the Government of South Sudan (GOSS). Ahmed told us that the decline in oil prices meant that the GOSS no longer has money to pay its civil servants and develop the South. Second, they both encouraged training for GOSS officials on how to implement development projects and create a transparent governmental system. Third, Ahmed said that the USG should look to Darfuri, civil society and mid-level opposition party leaders as some of the future leaders of the country. Fourth, and most importantly, both leaders stated that there should be no compromises with the Sudanese government because it plays into Bashir's strategy.

¶13. (C) Both leaders urged the U.S. to increase the pressure on the GOS by increasing economic sanctions, instituting an "oil for food" program to make sure that oil revenues go to feed the people, and establishing a "no fly zone" to eliminate the GOS, ability to attack the Darfuris. Both support the ICC charges, but Abdel Moneim stated that there is still "no systematic policy for holding the GOS criminally responsible for its actions." He said to compromise on the ICC or anything else would be a "step backwards." Ahmed said if the West maintains a high level of pressure on Sudan, the NCP will eventually force Bashir out because it will no longer be in their best financial and political interests to support him.

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